

# Audit and Risk Committee Biannual Report, December 2021

## Purpose

This report is provided in accordance with the Local Government Act 2020, Section 54 (5a) and describes the activities of the Audit and Risk Advisory Committee for the second half of 2021-2022 and includes Committee findings and recommendation.

## Recommendation

That Council receive and note the report.

## Background

This report is prepared in accordance with the Murrindindi Shire Council Audit and Risk Committee Charter, section 6. It is the third biannual report and covers the period July-December 2021 (including meetings on 9 September and 9 December).

## Discussion

This report provides a summary of the work the Committee performed to fully discharge its responsibilities and includes a summary of management's progress in addressing the results of internal and external audit reports. For the topics covered in the period under review, an overall assessment of management's risks, controls, and compliance processes, including details of any significant emerging risks or legislative changes impacting the organisation.

1. The Committee has followed a schedule of activity that reflects the requirements of Council as documented in the Charter.
2. The Committee monitors Council's implementation of responses to audits and in addressing the specific risks identified in the strategic and operational risk registers.
3. A lot of the work is seemingly procedural, but this ensures continued close oversight of procedure and process.
4. The Committee was supported in its performance through the review of other audit issues across Australia as provided through a regular consideration of Recent Reports and Publications as provided by the internal auditors.

Work undertaken by the Committee included consideration of a wide range of reports (many on a regular basis) that indicated Council's continued monitoring of developments but with no outstanding concerns.

1. Recommending Council approve in principle the Murrindindi Shire Council Financial Statements and Performance Statement subject to the review by the Victoria Auditor-General's Office for the year ended 30 June 2021 as tabled.
2. Recommending Council authorise two Councillors to certify the Financial Statements and Performance Statement, subject to the review of the statements by the Victoria Auditor-General's Office in their final form after any changes recommended, or agreed to, by the Auditor have been made.
3. Reviewing the management letter and closing report from external auditors in regard to 20/21.
4. Recommended approval in principle of two Quarterly Financial Statements.
5. Reviewing the Chief Executive Officer's Questionnaire to Directors.

6. Noting the Chief Executive Officer's update (including appointment of new CEO, Covid Business Continuity Updates, VCAT Planning appeal, the exploration of shared service arrangements, Council Plan 2021-2025 adoption, Covid response update and Vaccination Policy, summer emergency preparedness, a Fire Danger Ratings Policy review, Customer Complaints Policy, Lower North East Collaboration (Mansfield, Benalla, Strathbogie) and a Whittlesea Shared Services Arrangement.
7. Noting the Review Risk Register Report.
8. Noting the approval process for the Chief Executive Officer's and the CEO's Executive Assistant's credit card transactions.
9. Noting a Policy Register Report.
10. Noting the adoption of the CEO Employment and Remuneration Policy (and suggesting that Council consider clarifying one reference to 'within six months' and for the Audit and Risk Committee to review the effectiveness of the Policy on a periodic basis).
11. Reviewing and noting the annual assessment of the Committee's performance and the internal audit function.
12. Noting the Local Government Performance Reporting Framework Report for 20/21.
13. Noting the Draft Murrindindi Shire Council Strategic Internal Audit Plan (Focus 2022).
14. Noting Internal Audit's Report into its Review of Procurement (Depot Operations).
15. Noting Internal Audit's Report into its Review of Business Continuity and Disaster Recovery.
16. Noting Internal Audit's Report into its Review of Financial Controls (Purchasing/Accounts Payables & Payroll) – Including Data Analytics.
17. Noting the Council's prudent management of Excess Annual Leave and Long Service Leave in the context of Covid.
18. Noting the Policies and Plans that have been recently adopted by Council.

The Committee was pleased to see overall progress in respect of a wide number of matters and considers these to be an indication of achievement.

1. The Enterprise Risk Management Policy (due for formal review in 2022).
2. The continued development of the Business Continuity Plan.
3. The revised Fraud and Corruption Control Policy for Council adoption (including reference to the Gifts and Hospitality Policy).
4. The continuing progress against the implementation of previously recommended Audit Actions.
5. The draft Procurement Policy for adoption by Council (with suggestions regarding a clearer distinction between the 'tiers' for procurement thresholds and the 'tiers' for panel contract thresholds, plus a recommendation that Council satisfies itself that the risk of cumulative small spends is adequately addressed in the policy).
6. The proposed inclusion of a risk appetite statement in the Risk Management Policy and Framework review, 2022.
7. The increasing maturity and nuance in risk register reports.
8. A Public Interest Disclosures report.

In addition, the Committee, in reviewing the Insurance Management Report, noted the potential future financial liability on Council due to the cessation of the MAV Workcare Scheme on 31 June 2021 and the recognition of this as a contingent liability in the Council's 2020/21 Financial Statements.

In broad terms, the Committee is of the view that Council is adequately addressing known risks. There are no risks regarding which the Committee has developed a specific or heightened concern.

The Committee appointed Claude Baxter as chair for the 21-22 year.

### **Council Plan/Strategies/Policies**

The role and activity of the Audit and Risk Committee supports the Council Plan 2021-2025. With particular regard to risk management and governance.

This report is a requirement of the Audit and Risk Committee Charter adopted by Council.

### **Relevant Legislation**

The Audit and Risk Committee is established by Council in accordance with the requirements of the Local Government Act 2020. The members of the Audit and Risk Committee are governed by a Charter adopted by Council.

### **Financial Implications and Risk**

This report identifies no further risks than are identified by Council officers and as reported regularly as part of the minutes of the Audit and Risk Committee Minutes.

### **Conflict of Interest**

There are no declared conflicts of interest by Audit and Risk Committee members in relation to this report.

### **Community and Stakeholder Consultation**

No external community or stakeholder consultation was undertaken or required for this report.

Claude Baxter  
Chair, Audit & Risk Committee  
For and on behalf of the Audit & Risk Committee

11 March 2022